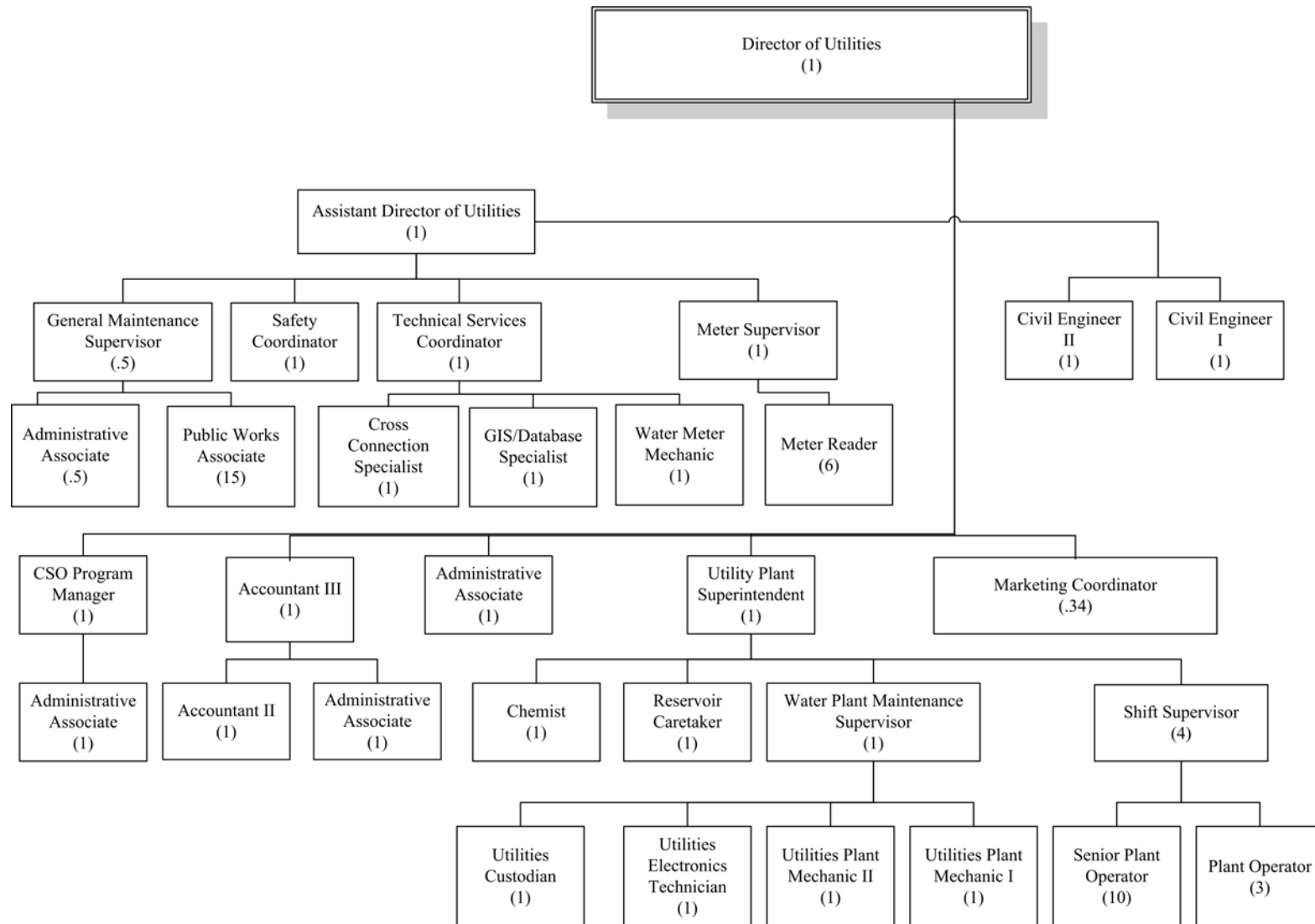
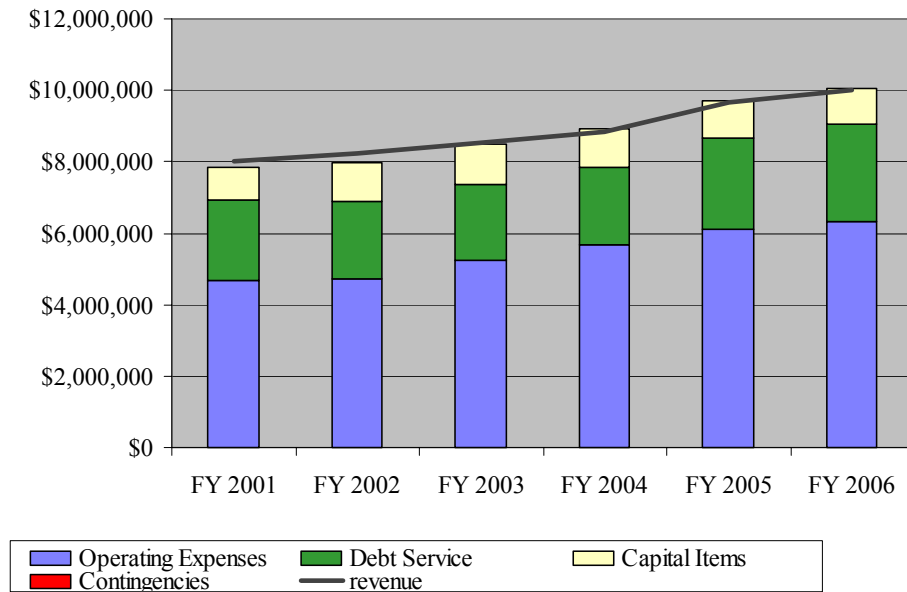


**WATER FUND (PUBLIC WORKS – UTILITIES DIVISION)**

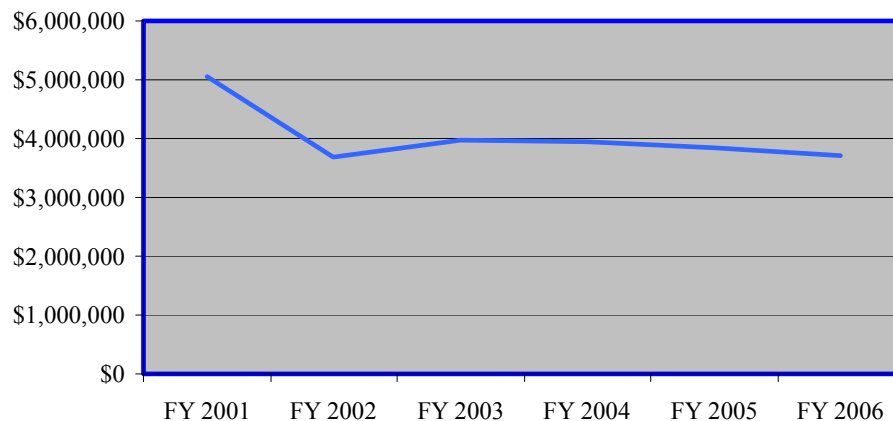
**Water Fund Description**

Lynchburg has one of the nation's oldest public water systems. Today, the system is managed by the Public Works Department and furnishes safe drinking water to 65,300 City residents and businesses. It also delivers water to Amherst, Bedford and Campbell Counties under wholesale contract agreements. Lynchburg's raw water comes from the Pedlar Reservoir, a protected watershed in the George Washington Forest and from the James River. The system can deliver up to 26 million gallons of water a day from two water treatment plants. Total treated water storage capacity is approximately 33 million gallons. Water is delivered through a 450-mile network of transmission and distribution lines, 12 water storage tanks and 7 major pump stations.

Revenues &amp; Expenses



Ending Unrestricted Cash



**Water Fund Debt Coverage**

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>DEBT COVERAGE</b>					
<b>Revenues:</b>					
Charges for Services	\$6,602,371	\$6,943,545	\$7,362,168	\$7,335,805	\$7,335,805
Water Contracts	1,783,441	1,853,303	2,169,306	2,202,428	2,202,428
Interest and Other	133,273	124,580	124,080	124,080	124,080
	<b>\$8,519,085</b>	<b>\$8,921,428</b>	<b>\$9,655,553</b>	<b>\$9,662,313</b>	<b>\$9,662,313</b>
<b>Expenses:</b>					
Water Treatment	\$2,048,205	\$2,036,519	\$2,209,929	\$2,199,533	\$2,193,579
Water Line Maintenance	989,564	1,134,844	1,210,408	1,194,628	1,190,900
Meter Reading	404,669	514,772	668,486	557,286	554,920
Administration/Engineering	659,912	910,739	889,817	887,047	1,986,843
Non-Departmental	1,139,764	1,195,029	1,484,176	1,260,551	207,249
Projects Costs Charged to Operations	125,971	0	0	0	0
	<b>\$5,368,085</b>	<b>\$5,791,903</b>	<b>\$6,462,816</b>	<b>\$6,099,045</b>	<b>\$6,133,491</b>
<b>Operating Income</b>	<b>\$3,151,000</b>	<b>\$3,129,525</b>	<b>\$3,192,737</b>	<b>\$3,563,268</b>	<b>\$3,528,822</b>
Debt Service	\$2,141,898	\$2,248,572	\$2,627,910	\$2,573,910	\$2,701,954
<b>Net Revenue</b>	<b>\$1,009,102</b>	<b>\$880,953</b>	<b>\$564,827</b>	<b>\$989,358</b>	<b>\$826,868</b>
Debt Coverage Ratio Target	1.20	1.20	1.20	1.20	1.20
Debt Coverage Ratio	1.47	1.39	1.21	1.38	1.31

**Water Fund Sources and Uses of Cash**

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>SOURCES AND USES OF CASH</b>					
<b>Sources of Cash:</b>					
Beginning Cash Balance	\$5,584,887	\$5,971,850	\$5,349,129	\$6,984,537	\$6,984,537
Net Revenue	1,009,102	880,953	564,827	989,358	861,313
Bond Proceeds	2,525,000	7,100,000	5,000,000	5,000,000	5,000,000
	<b>\$9,118,989</b>	<b>\$13,952,803</b>	<b>\$10,913,956</b>	<b>\$12,973,894</b>	<b>\$12,845,850</b>
<b>Uses of Cash</b>					
Capital Purchases	\$2,961,475	\$8,037,818	\$5,792,000	\$7,515,515	\$7,515,515
Transfers to Other Funds, Net	527,251	223,500	(144,000)	164,000	164,000
Proceeds from Other Organizations	59,192	0	0	0	0
Change in Working Capital Items	(400,779)	100,000	204,000	51,000	51,000
	<b>\$3,147,139</b>	<b>\$8,361,318</b>	<b>\$5,852,000</b>	<b>\$7,730,515</b>	<b>\$7,730,515</b>
<b>Ending cash</b>	<b>\$5,971,850</b>	<b>\$5,591,485</b>	<b>\$5,061,956</b>	<b>\$5,243,380</b>	<b>\$5,115,336</b>
Less Restricted Amounts for:					
Customer Deposits	(340,063)	(365,063)	(390,063)	(360,063)	(360,063)
Capital Projects	(1,942,496)	(1,005,586)	(1,079,464)	(1,043,153)	(1,043,153)
<b>Ending unrestricted cash</b>	<b>\$3,689,291</b>	<b>\$4,220,836</b>	<b>\$3,592,429</b>	<b>\$3,840,164</b>	<b>\$3,712,120</b>
Unrestricted Cash Target as a % of Operating Expenses and Debt Service	40%	40%	40%	40%	40%
Unrestricted Cash as a % of Operating Expenses and Debt Service	49%	52%	40%	44%	44%

This Statement of Sources and Uses of Cash has been added to the budget in order to more closely align the budget presentation to the requirements of GASB 34 and provide additional information concerning the cash flows in the operating and capital funds.



## Water Fund

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>REVENUE SUMMARY</b>					
<b>Charges for Services:</b>					
Water Sales	\$4,750,148	\$5,132,743	\$5,512,500	\$5,512,500	\$5,512,500
Meter Charges	526,536	518,708	537,119	537,119	537,119
Sewer Fund Charges	460,000	500,000	510,000	510,000	510,000
General Fund Hydrant Charges	306,052	312,171	318,414	318,414	318,414
Availability Fees	156,129	90,000	90,000	90,000	90,000
Connection Fees	108,441	72,600	79,860	79,860	79,860
Cut-on/off Charges	131,934	127,500	125,000	125,000	125,000
Delinquent Account Fees	60,760	65,000	60,000	60,000	60,000
Fire protection Fees	53,319	51,176	52,711	52,711	52,711
Water Cost Plus	45,247	65,595	67,563	41,200	41,200
All Others	3,805	8,052	9,000	9,000	9,000
	<b>\$6,602,371</b>	<b>\$6,943,545</b>	<b>\$7,362,168</b>	<b>\$7,335,805</b>	<b>\$7,335,805</b>
<b>Water Contracts:</b>					
Amherst	122,797	120,350	126,310	128,786	128,786
Bedford	968,812	933,604	1,102,791	1,125,738	1,125,738
Campbell	20,656	345,000	392,700	400,400	400,400
Industrial	671,176	454,349	547,504	547,504	547,504
	<b>\$1,783,441</b>	<b>\$1,853,303</b>	<b>\$2,169,306</b>	<b>\$2,202,428</b>	<b>\$2,202,428</b>
<b>Interest &amp; Other:</b>					
Interest	78,835	116,580	116,580	116,580	116,580
All Other	54,438	8,000	7,500	7,500	7,500
	<b>\$133,273</b>	<b>\$124,580</b>	<b>\$124,080</b>	<b>\$124,080</b>	<b>\$124,080</b>
<b>Total Revenues</b>	<b>\$8,519,085</b>	<b>\$8,921,428</b>	<b>\$9,655,553</b>	<b>\$9,662,313</b>	<b>\$9,662,313</b>



## Water Fund

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>EXPENDITURE SUMMARY</b>					
<b>Departmental:</b>					
Salaries	\$1,828,378	\$2,102,352	\$2,160,300	\$2,150,354	\$2,170,992
Employee Benefits	529,289	634,937	753,349	753,349	745,873
Supplies and Materials	428,701	473,600	621,350	502,000	502,000
Chemicals	297,292	261,500	275,200	275,200	275,200
Gas/Diesel Fuel	23,869	22,063	30,413	30,413	30,413
Internal Services Charges	67,968	47,742	77,525	77,525	77,525
Rentals and Leases	13,273	11,900	13,800	13,800	13,800
Communication charges	22,058	34,700	25,300	29,700	29,700
Utilities	420,329	383,700	399,200	394,800	394,800
Buildings and Grounds Maintenance	5,829	11,350	11,300	11,300	11,300
Contractual Services	403,984	516,680	529,253	519,403	490,085
Training and Meetings	15,906	27,400	29,400	29,400	29,400
<u>Payment to Other Funds</u>					
Indirect Cost Allocation	924,969	924,969	987,031	987,031	987,031
Self-Insurance	109,113	109,807	116,873	116,873	116,873
Engineering Services	0	20,000	0	0	0
Miscellaneous Expenses	45,474	48,950	52,250	51,250	51,250
	<b>\$5,136,432</b>	<b>\$5,631,650</b>	<b>\$6,082,544</b>	<b>\$5,942,398</b>	<b>\$5,926,242</b>
<b>Non-Departmental:</b>					
Financial Audit	9,946	29,257	28,132	28,132	28,132
Retirees Health/WC Insurance	95,932	82,408	90,184	90,184	90,184
Interest on Customer Deposits	5,637	9,500	9,500	7,000	7,000
Banking Services	6,277	2,880	3,123	3,123	3,123
Utility Billing Upgrades	6,752	10,000	10,000	10,000	10,000
Compensation Plan Adjustments	0	7,208	56,813	7,208	57,810
IT Systems	0	8,000	111,520	0	0
Allowance for Doubtful Accounts	(18,862)	0	60,000	0	0
All Other	0	11,000	11,000	11,000	11,000
	<b>\$105,682</b>	<b>\$160,253</b>	<b>\$380,272</b>	<b>\$156,647</b>	<b>\$207,249</b>
<b>Capital Purchases &amp; Transfers:</b>					
Transfer to Water Capital Fund	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
Transfer to General Fund	100,000	0	0	0	0
Transfer to City Fleet Fund	123,269	161,000	144,000	144,000	144,000
Transfer from General Fund	0	0	0	0	0
Capital Purchases	40,622	62,500	20,000	20,000	20,000
	<b>\$1,113,891</b>	<b>\$1,073,500</b>	<b>\$1,014,000</b>	<b>\$1,014,000</b>	<b>\$1,014,000</b>
Debt Service:	\$2,141,898	\$2,248,572	\$2,627,910	\$2,573,910	\$2,701,954
<b>Total Expenses</b>	<b>\$8,497,903</b>	<b>\$9,113,975</b>	<b>\$10,104,726</b>	<b>\$9,686,955</b>	<b>\$9,849,445</b>



**Public Works Utilities Division Water Fund Administration.** Leadership, management and administrative support are provided for water and wastewater functions, including the operation and maintenance of two water treatment plants and one wastewater treatment plant, a surface water reservoir on the Pedlar River, 33 million gallons of system storage, water distribution lines, stormwater lines and basins, sanitary sewers, sewer separation projects, and meter reading. Functions include serving as governmental and regulatory liaison, providing engineering support, ensuring compliance with environmental regulations, financial and human resource management, safety coordination, and other administrative duties. Services for which oversight is provided are federally mandated by the Safe Drinking Water Act and the Clean Water Act. Oversight is provided by the Virginia Department of Health and the Virginia Department of Environmental Quality.

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>POSITION SUMMARY</b>					
<b>Total FTE Positions</b>	<b>10.34</b>	<b>11.34</b>	<b>11.34</b>	<b>11.34</b>	<b>11.34</b>
<b>BUDGET SUMMARY</b>					
<i>Salaries</i>	\$408,434	\$543,645	\$528,300	\$527,930	\$527,930
<i>Employee Benefits</i>	114,276	156,705	174,194	174,194	170,086
<i>Contractual Services</i>	82,858	142,200	124,700	124,250	124,250
Communication Charges	4,441	5,500	4,400	4,400	4,400
Engineering	0	20,000	0	0	0
Miscellaneous	3,562	4,300	8,500	7,500	7,500
<i>Internal Service Charges</i>	3,145	2,396	3,805	3,805	3,805
<i>Other Charges</i>					
Supplies and Materials	31,240	19,900	29,100	28,150	28,150
Gasoline/Fuel	1,445	1,393	2,118	2,118	2,118
Training and Meetings	5,382	9,200	9,200	9,200	9,200
<i>Rentals and Leases</i>	5,129	5,500	5,500	5,500	5,500
<i>Payments to Other Funds</i>					
Indirect Cost Allocation	924,969	924,969	987,031	987,031	987,031
Self-Insurance	109,113	109,807	116,873	116,873	116,873
	<b>\$1,693,994</b>	<b>\$1,945,515</b>	<b>\$1,993,721</b>	<b>\$1,990,951</b>	<b>\$1,986,843</b>

**Water Fund Administration Operating Budget Description**

The Proposed FY 2005 Water Fund Administration budget of \$887,047 represents a 4.1% decrease of \$35,960 as compared to the Amended FY 2004 budget of \$923,007.

Significant changes introduced in the Requested FY 2005 budget include:

- ◆ \$15,345 decrease in Salaries reflecting turnover and hiring new employees at a lower rate.
- ◆ \$17,489 increase in Employee Benefits reflecting rising retirement contributions, health and dental insurance costs, as well as the end of the holiday for group life insurance premiums.
- ◆ \$20,000 decrease in Engineering Services reflecting performing these services with Utility personnel.
- ◆ \$2,500 increase in Advertising reflecting historic expenditures.
- ◆ \$500 increase in Food and Dietary Service reflecting historic expenditures.
- ◆ \$500 decrease in Misc. Contractual Services reflecting performing more of these services in house.
- ◆ \$2,234 increase in Fleet Service charges reflecting increased costs of parts, labor, and fuel based upon historical trends.
- ◆ \$1,000 increase in Apparel/Protective Wear reflecting expenses anticipated for safety related items for Administrative staff that routinely are exposed to safety hazards.
- ◆ \$11,000 increase in Minor Equipment, Tools, and Furniture reflecting historic expenditures.
- ◆ \$2,000 decrease in Computer and Office Equipment maintenance and repair reflecting historic expenditures.
- ◆ \$3,000 decrease in Telephone, Cellular, and Pager Services reflecting historic trends and conversion of telephone system savings.
- ◆ \$1,400 increase in U.S. Postage and Mailing Services reflecting increased costs associated with the CSO Program office.
- ◆ \$2,500 increase in Dues and Memberships reflecting the increased professional engineering staff in Utilities Administration.
- ◆ \$1,700 increase in Courtesies to Guests reflecting employee turnover.
- ◆ \$20,000 decrease in Engineering Service Charges reflecting the Engineering Division charging their time directly to capital projects.

The Department requested \$889,817.

Items requested not proposed for funding include:

- ◆ \$370 reduction in Salaries (overtime) based on historical average over three years.
- ◆ \$950 reduction in Supplies and Materials based on historical average and FY 2004 year-to-date expenses.
- ◆ \$450 reduction in Contractual Services due to historical average.
- ◆ \$1,000 reduction in Miscellaneous.

The Proposed FY 2005 Water Fund Administration budget was adopted with the following changes:

- ◆ \$4,108 decrease in Employee Benefits reflecting the continuation of the group life insurance premium holiday.
- ◆ The inclusion of Payments to Other Funds.





**Public Works Utilities Division Meter Reading (includes Meter Reading and Technical Services).** Meter Readers record water meter readings for over 20,000 accounts, which serve as the basis for monthly water and sewer billings. Personnel replace meters on a schedule intended to assure accurate recording of consumption. Two inch and larger meters are replaced or calibrated on a regular basis as recommended by the American Water Works Association. Residential meters are replaced as needed but not less than every 12 years. At the direction of the Billing & Collections Division, Meters Readers investigate unusual consumption, activate or deactivate water service, and investigate customer complaints for meter reading issues. Meter inventory records are maintained. Route and sequence numbers are assigned to new accounts and other file maintenance is performed. Technical Services is responsible for the oversight of the Division's Backflow Program which was put into place in FY 2004 to help protect the City's water system from potential contamination from cross connections.

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>POSITION SUMMARY</b>					
<b>Total FTE Positions</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>BUDGET SUMMARY</b>					
<i>Salaries</i>	\$238,311	\$285,169	\$303,834	\$303,834	\$303,834
<i>Employee Benefits</i>	74,333	94,467	115,290	115,290	112,924
<i>Contractual Services</i>	22,055	33,180	36,466	35,666	35,666
Communication Charges	2,399	2,300	2,300	2,300	2,300
<i>Internal Service Charges</i>	13,565	11,185	14,757	14,757	14,757
<i>Other Charges</i>					
Supplies and Materials	43,331	74,400	180,750	70,350	70,350
Gasoline/Fuel	6,767	7,221	8,239	8,239	8,239
Training and Meetings	3,455	6,200	6,200	6,200	6,200
Miscellaneous	357	550	550	550	550
<i>Rentals and Leases</i>	96	100	100	100	100
	<b>\$404,669</b>	<b>\$514,772</b>	<b>\$668,486</b>	<b>\$557,286</b>	<b>\$554,920</b>

**Performance Data:**

# of Meters Read per Month	20,831	21,500	21,500	21,500	21,500
# of Meters Replaced	1,264	1,300	1,300	1,300	1,300
# of High / Low Investigations	2,467	3,600	3,600	3,600	3,600
# of Turn-on / Turn-offs	6,431	3,800	3,800	3,800	3,800
Cost of meter reading / meter / mo.	\$1.62	\$2.00	\$2.59	\$2.16	\$2.16

***Meter Reading Operating Budget Description***

The Proposed FY 2005 Meter Reading budget of \$557,286 represents an 8.3% increase of \$42,514 as compared to the Amended FY 2004 budget of \$514,772.

Significant changes introduced in the Requested FY 2005 budget include:

- ◆ \$18,665 increase in Salaries reflecting the addition of a GIS Technician position and increased overtime expenses associated with additional water cut-offs as a result of the addition of the Solid Waste fee to the utility bills.
- ◆ \$20,823 increase in Employee Benefits reflecting rising retirement contributions, health and dental insurance costs, as well as the end of the holiday for group life insurance premiums.
- ◆ \$3,286 increase in Contractual Services reflecting historical maintenance and repair costs associated with the handheld meter reading devices and some decreases associated with one time expenditure in FY2004 for the Backflow Program.
- ◆ \$4,590 increase in Fleet Service charges reflecting increased costs of parts, labor and fuel based upon historic trends.
- ◆ \$1,200 increase in Apparel/Protective Wear and Safety Supplies reflecting expenses anticipated for safety related items for staff that routinely are exposed to safety hazards and historic trends.
- ◆ \$5,100 decrease in Minor Equipment, Tools, and Furniture reflecting historic trends.
- ◆ \$100 increase in Computer and Office Equipment maintenance and repair reflecting additional costs associated with the Backflow Program.
- ◆ \$150 increase in miscellaneous Maintenance and Repair costs reflecting additional expenses associated with the Backflow Program.
- ◆ \$110,000 increase in Water System Maintenance and Repair reflecting the replacement of 570, one inch to two inch meters necessary to ensure accuracy and increase water revenue.
- ◆ \$100 decrease in Telephone, Cellular Phone, and Pager Services reflecting historic trends.
- ◆ \$100 increase in Mailing Services reflecting historic trends.

The Department requested \$668,486.

Major items requested not proposed for funding include:

- ◆ \$110,400 reduction in Supplies and Materials, meter replacement program to be initiated in FY 2004 rather than FY 2005.
- ◆ \$800 reduction in Contractual Services based on a three-year historical average.

The Proposed FY 2005 Meter Reading budget was adopted with the following change:

- ◆ \$2,366 decrease in Employee Benefits reflecting the continuation of the group life insurance premium holiday.



**Public Works Utilities Division Water Line Maintenance.** Provides installation, maintenance, and repair of water lines, water services, hydrants, and valves. Responds to customer complaints, investigates, and initiates remedial action. Maintains records on the date of repairs, the length of service and the types of materials and equipment used. The water distribution system continually delivers treated water, under pressure, to customers. Services are federally mandated by the Safe Drinking Water Act. Oversight is provided by the Virginia Department of Health.

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>POSITION SUMMARY</b>					
<b>Total FTE Positions</b>	<b>15.5</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>BUDGET SUMMARY</b>					
<b>Salaries</b>	\$472,175	\$520,885	\$523,119	\$519,039	\$519,039
<b>Employee Benefits</b>	131,577	153,645	180,514	180,514	176,786
<b>Contractual Services</b>	84,946	122,000	124,421	116,821	116,821
Communication Charges	2,342	2,600	2,800	2,800	2,800
Buildings and Grounds	63	350	300	300	300
<b>Other Charges</b>					
Supplies and materials	237,862	291,500	305,700	301,600	301,600
Gasoline/Fuel	12,469	10,439	16,090	16,090	16,090
Training and Meetings	3,305	5,000	5,000	5,000	5,000
Miscellaneous	206	100	300	300	300
<b>Internal Service Charges</b>	42,797	26,325	50,164	50,164	50,164
<b>Rentals and Leases</b>	1,822	2,000	2,000	2,000	2,000
	<b>\$989,564</b>	<b>\$1,134,844</b>	<b>\$1,210,408</b>	<b>\$1,194,628</b>	<b>\$1,190,900</b>

**Performance Data:**

# of Utility Cuts	122	150	150	150	150
# of Main Repairs	130	100	100	100	100
# of Hydrants Installed and Repaired	592	(a)	(a)	(a)	(a)
# of Valves Installed and Repaired	108	(b)	(b)	(b)	(b)
# of New Services Installed	132	100	100	100	100
# of Service Renewals	126	150	150	150	150
# of Service Repairs	238	300	300	300	300
Snow Removal Hours	500				

(a) 2,500 maintenance; 20 replaced

(b) to be determined

***Water Line Maintenance Operating Budget Description***

The Proposed FY 2005 Water Line Maintenance budget of \$1,194,628 represents a 5.3% increase of \$59,691 as compared to the Amended FY 2004 budget of \$1,134,937.

Significant changes introduced in the Requested FY 2005 budget include:

- ◆ \$2,234 increase in Salaries reflecting increases associated with acquiring skills in the PWA program.
- ◆ \$26,869 increase in Employee Benefits reflecting rising retirement contributions, health and dental insurance costs, as well as the end of the holiday for group life insurance premiums.
- ◆ \$2,421 increase in Contractual Services reflecting increased investigative services due to higher turnover, fees for the "MISS Utility" call center (line locator service) and historic trends.
- ◆ \$29,490 increase in Fleet Service charges reflecting increased costs of parts, labor and fuel based upon historic trends.
- ◆ \$3,500 increase in Apparel/Protective Wear and Safety Supplies reflecting expenses anticipated for safety related items for staff that routinely are exposed to safety hazards and historic trends.
- ◆ \$3,000 increase in Minor Equipment and Tools reflecting historic trends.
- ◆ \$7,600 increase in Water System Maintenance and Repair materials reflecting additional work being performed on valves and hydrants and additional material costs.
- ◆ \$27,500 decrease in Specific Use Equipment related to the one time expense of purchasing a Global Positioning System (GPS) in FY2004.

The Department requested \$1,210,408.

Major items requested not proposed for funding include:

- ◆ \$4,080 in Salaries (overtime) based on a three-year historical average.
- ◆ \$4,100 in Supplies and Materials based on a three-year historical average.
- ◆ \$7,600 reduction in Contractual services based on historical average and FY 2004 year-to-date expenses.

The Proposed FY 2005 Water Line Maintenance budget was adopted with the following change:

- ◆ \$3,728 decrease in Employee Benefits reflecting the continuation of the group life insurance premium holiday.



**Public Works Utilities Division Water Treatment.** Raw water from Pedlar Reservoir in Amherst County is delivered through a 22-mile gravity pipeline to Lynchburg. Two raw water pumping stations are located on the James River to augment the Pedlar supply as required. Chemicals are added at Pedlar Reservoir and at the Abert and College Hill Filtration Plants where treatment is completed. Water is continuously examined for quality assurance during processing. In addition, periodic sampling is performed at selected points in the water distribution system to assure delivery of safe and potable water. Water is provided without interruption and with sufficient volume and pressure for consumption and for fire suppression throughout the City. The water quality is federally mandated by the Safe Drinking Water Act. Oversight is provided by the Virginia Department of Health.

	Actual FY 2003	Adopted FY 2004	Requested FY 2005	Manager's Proposed FY 2005	Adopted FY 2005
<b>POSITION SUMMARY</b>					
<b>Total FTE Positions</b>	<b>22</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>25</b>
<b>BUDGET SUMMARY</b>					
<i>Salaries</i>	\$709,458	\$752,653	\$805,047	\$799,551	\$820,189
<i>Employee Benefits</i>	209,103	230,120	283,351	283,351	286,077
<i>Contractual Services</i>	214,125	219,300	243,666	242,666	213,348
Communication Charges	17,317	29,600	20,200	20,200	20,200
Utilities	415,888	378,700	394,800	394,800	394,800
Buildings and Grounds	5,766	11,000	11,000	11,000	11,000
Miscellaneous including Operations Fee	41,349	44,000	42,900	42,900	42,900
<i>Internal Service Charges</i>	8,461	7,836	8,799	8,799	8,799
<i>Other Charges</i>					
Supplies and Materials	116,268	87,500	105,800	101,900	101,900
Chemicals	297,292	261,500	275,200	275,200	275,200
Gasoline/Fuel	3,188	3,010	3,966	3,966	3,966
Training and Meetings	3,764	7,000	9,000	9,000	9,000
<i>Rentals and Leases</i>	6,226	4,300	6,200	6,200	6,200
	<b>\$2,048,205</b>	<b>\$2,036,519</b>	<b>\$2,209,929</b>	<b>\$2,199,533</b>	<b>\$2,193,579</b>

**Performance Data:**

Water Source (mgd) - Pedlar	7.80	10.50	10.50	10.50	10.50
Water Source (mgd) - James	2.82	1.50	1.50	1.50	1.50
Water Treated (mgd) - College Hill	4.89	6.00	6.00	6.00	6.00
Water Treated (mgd) - Abert	5.69	6.00	6.00	6.00	6.00
Cost of Treatment / MG Treated	\$530	\$465	\$505	\$502	\$501

**Water Treatment Plant Operating Budget Description**

The Proposed FY 2005 Water Treatment budget of \$2,199,533 represents a 4.8% increase of \$100,572 as compared to the Amended FY 2004 budget of \$2,098,961.

Significant changes introduced in the Requested FY 2005 budget include:

- ◆ \$52,394 increase in Salaries reflecting the addition of two Water Plant Operator positions and the reclassification of one Custodial Maintenance position to a Water Plant Operator in order to continue to meet Virginia Department of Health staffing requirements.
- ◆ \$53,231 increase in Employee Benefits reflecting rising retirement contributions, health and dental insurance costs, as well as the end of the holiday for Life Insurance premiums plus the addition of two Water Plant Operator positions and the reclassification of one Custodial Maintenance position to a Water Plant Operator.
- ◆ \$13,000 increase in Building Maintenance and Repair service reflecting historic trends.
- ◆ \$17,000 increase in Contractual Equipment Maintenance and Repair Services reflecting additional system-wide maintenance and repairs identified by the Utility Engineers, such as upgrades to Mill Lane Pump Station, repairs to influent piping and Abert filtration pipe.
- ◆ \$2,000 increase in Environmental Lab Services reflecting the cost of required toxic monitoring of the Abert Lagoon.
- ◆ \$5,934 decrease in Line Protection Charges related to reclassification of expenses.
- ◆ \$5,000 increase in Misc. Contractual Services related to reclassification of expenses.
- ◆ \$1,819 increase in Fleet Service charges reflecting increased costs of parts, labor and fuel based upon historic trends.
- ◆ \$2,500 increase in Apparel/Protective Wear and Safety Supplies reflecting expenses anticipated for safety related items for staff that routinely are exposed to safety hazards and historic trends.
- ◆ \$13,700 increase in Chemicals reflecting increased costs from chemical suppliers, the potential of treating more James River Water, and historic trends.
- ◆ \$15,500 increase in Mechanical and Communication Maintenance and Repair (M& R) Materials reflecting the material costs associated with the increased system-wide maintenance and associated upgrades mentioned under Contractual Equipment Maintenance.
- ◆ \$10,000 increase in Electricity reflecting additional pumping required for treating James River Water.
- ◆ \$6,500 decrease in Sewer, Telephone, and Cellular Phone charges reflecting historic trends.
- ◆ \$2,000 increase in Training and Non-Training Travel expenses reflecting training expenses needed to maintain operator certifications and to stay abreast of future regulations.
- ◆ \$3,600 decrease in Postage and Mailing Services reflecting historic trends.
- ◆ \$1,100 decrease in Misc. Other Charges reflecting more conservative budgeting.
- ◆ \$1,900 increase in Rent / Lease reflecting historic trends.
- ◆ \$15,000 decrease in Specific Use Equipment reflecting a one time expense of installing a stream gauging in the Pedlar River upstream of the Pedlar Reservoir in FY2004.

The Department requested \$2,209,929.

Major items requested not proposed for funding include:

- ◆ \$5,496 reduction in Salaries based on a two-year historical average.
- ◆ \$3,900 reduction in Supplies and Materials based on a three-year historical average.
- ◆ \$1,000 reduction in Contractual Services based on a two-year historical average and FY 2004 year-to-date expense.

The Proposed FY 2005 Water Treatment budget was adopted with the following changes:

- ◆ \$23,364 increase in Salaries and Employee Benefits for an additional Custodian position.
- ◆ \$29,318 decrease in Contractual Services.